

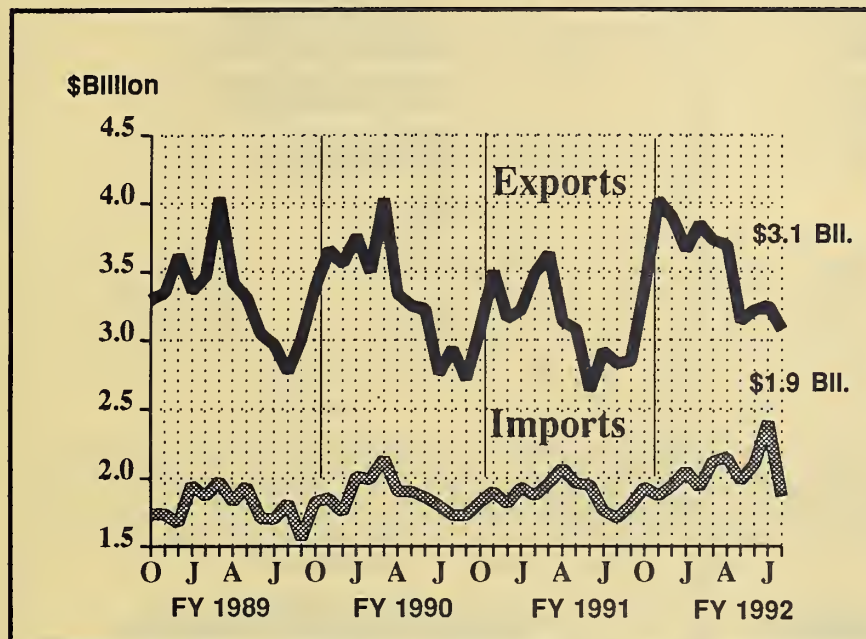
Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

247D9001
. A37
c2

AGRICULTURAL TRADE HIGHLIGHTS

Strong Consumer Food Sales Boost Agricultural Exports 9 Percent



August trade statistics released on October 16 by the Commerce Department placed the value of U.S. agricultural exports at \$3.08 billion, up 9 percent from the same month last year. Sharply higher shipments of wheat, soybeans, cotton, peanuts, soybean meal, soybean oil, feeds & fodders, planting seeds and consumer-oriented high-value products accounted for most of the gain. August's performance brings the cumulative fiscal 1992 total (October-August) to \$38.9 billion, up 12 percent from the same period last year.

At \$1.3 billion, U.S. exports of *bulk commodities* were up 5 percent from last August. Large increases in wheat, soybeans, cotton and peanut exports accounted for most of the increase. Strong growth in these product categories offset sharp losses in coarse grains, rice, tobacco and pulses. Year-to-date bulk exports are up nearly \$1.7 billion from last year's 11-month total of \$16.5 billion.

U.S. exports of *intermediate high-value products* reached \$712 million, also up 5 percent from shipments last year. Increased exports of soybean meal, soybean oil, feeds and fodders, and planting seeds accounted for the gain. August's performance brings the year-to-date total to \$8.5 billion, 9 percent ahead of the same period last year.

As they have all year, exports of *consumer-oriented high-value products* continued to expand at double digit rates, reaching \$1.1 billion in August, up 17 percent over August 1991. Increased exports of red meats, processed fruits and vegetables, poultry meat, dairy products, snack foods, fresh vegetables, juices, pet food, and wines and beer accounted for most of the gain. Aided by a combination of continued weakness in the U.S. dollar and strong demand from major importing countries, August's performance brings the year-to-date total to a new all-time high of \$12.3

billion, 18 percent ahead of the same period last year. With only one month left this fiscal year, FAS analysts project these exports will reach \$13.3 billion by year's end, accounting for almost one-third of all U.S. agricultural shipments.

Trade performance with the *top 10 U.S. agricultural export markets* in August was overwhelmingly positive. Declines occurred in only two markets -- Taiwan and Egypt. Double-digit gains occurred with Canada, Mexico, former USSR, and Hong Kong. Continued drought in southern Africa was a factor in sharply increased shipments to South Africa. Shipments to China fell by 55 percent dropping China from the August list of top ten markets. Japan remained the top export market with August shipments totaling \$629 million, up 7 percent from last year.

U.S. agricultural imports for August rose 10 percent from last year to \$1.9 billion. Year-to-date imports are now running 8 percent ahead of the same period last year. USDA projects another record year for imports in fiscal 1992 at nearly \$23.5 billion.

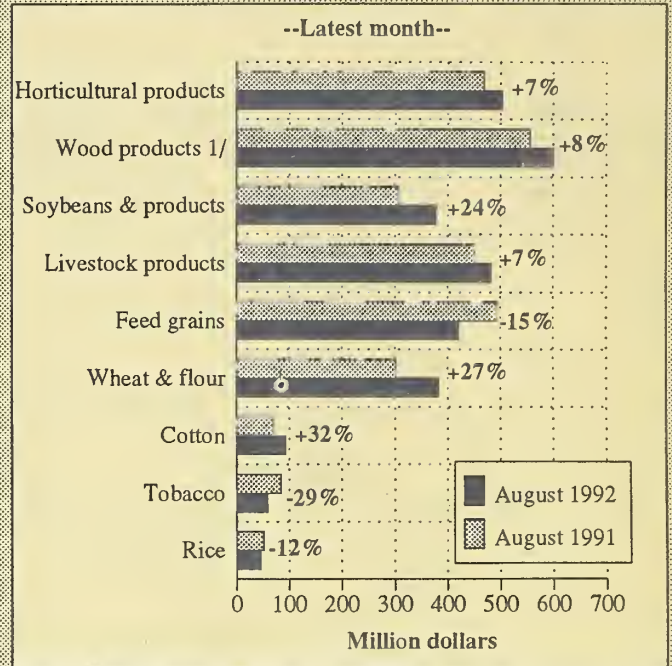
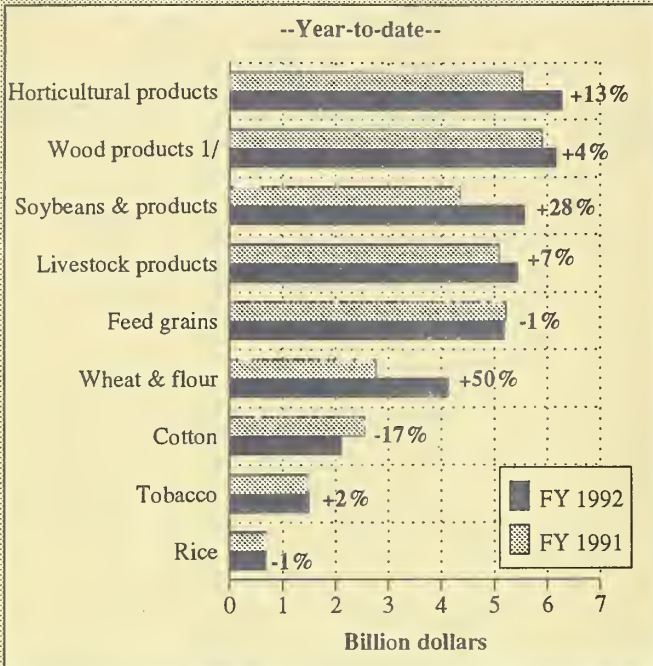
Inside This Issue...

	Page
Commodity Highlights	3
COUNTRY SPOTLIGHT:	
Germany	5
PRODUCT SPOTLIGHT:	
Cheese	8
Trade Policy Updates	10
Market Updates	12
U.S. Agricultural Exports:	
By Commodity Group	17
By Region	18
Foreign Exchange Rates	19

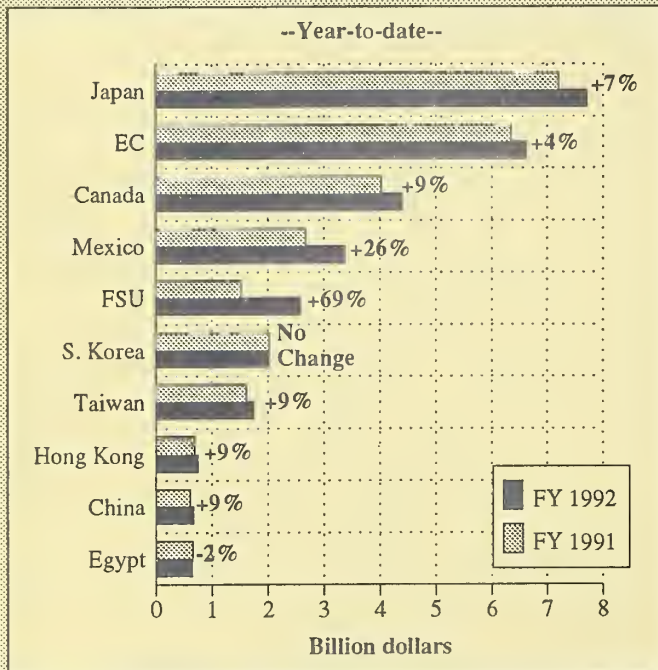
U.S. Agricultural Export Summaries

October-August and Latest Month Comparisons

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals.

Commodity Highlights

August exports of agricultural products rose to \$3.1 billion, down slightly from July but up 9 percent from August of last year. Gains from last year were broad based with increases registered in nearly every product category. The most notable sales gains occurred in wheat, soybeans, cotton, red meats, and horticultural products.

August export sales of *wheat and wheat flour* reached \$384 million, up 27 percent in value on a 1 percent value gain over the same month last year. More than 80 percent of the value gain was due to increased shipments to the former Soviet Union which was absent from the market during last August due to credit constraints. Higher shipments to Pakistan, Japan, Sri Lanka, and Mexico accounted to most of the remainder. Much of this business (excluding Japan) continued to rely on program assisted sales of one type or another. August's performance boosted exports so far this year to over \$4.1 billion and more than 32 million tons, up 50 percent and 29 percent respectively from the comparable period last year.

Notable reductions in sales of *feed grains*, mostly corn, to the former Soviet Union, Japan, Taiwan, and the EC (European Community) during August more than offset sharp gains in shipments to drought stricken sub-Saharan Africa, resulting in an overall decline of 15 percent to \$422 million on an 11 percent drop in volume. So far this fiscal year, exports of feed grains are down 1 percent to \$5.19 billion on a 5 percent decline in volume.

Exports of *oilseeds and products* during August were up 24 percent to \$486 million on a 21 percent gain in volume. Sales of soybeans to the EC and Mexico rose significantly, more than offsetting a sizeable drop to the former Soviet Union. The gain in sales to the EC will likely be temporary, as European rapeseed producers are withholding stocks from the market in anticipation of higher prices. August's export performance brings year-to-date sales to \$6.8 billion, 28 percent higher than last year.

Rice exports in August fell 12 percent to \$46 million, on an 11 percent fall in volume. Modest gains occurred in sales to Iran, Ivory Coast, Algeria, and Saudi Arabia, while the EC, Liberia, and Switzerland recorded slight declines. August's performance brings year-to-date sales to \$685 million, largely unchanged from the same period last year.

Growing world demand for U.S. *horticultural products* pushed exports in August to \$504 million, 7 percent above last year. Overall, fresh fruit sales declined 7 percent but were more than offset by gains in fruit and vegetable juices, fresh and prepared vegetables, and processed fruit products. Sales to Canada and the EC were both 14 percent above last August, while most other major markets showed only modest changes. August's performance brings year to date horticultural exports to almost \$6.3 billion, 13 percent ahead of last year's record level. By the end of the fiscal year, horticultural exports are expected to reach \$6.8 billion, which is 13 percent above last year's record level.

Unmanufactured tobacco exports dropped to \$59 million in August, 29 percent lower than last year on a 21 percent fall in volume. Virtually all of the decline is attributable to a \$25 million decline to the EC. Year-to-date sales now stand at \$1.5 billion, 2 percent ahead of the same period last year.

Cotton exports showed healthy growth in August to \$92 million, with shipments 32 percent ahead of last year, on a 61 percent rise in volume. Sales to Korea, Mexico, and Hong Kong rose \$10 million, \$6 million, and \$3 million respectively, easily offsetting minor declines to Brazil and Canada. The drop in export unit value from last

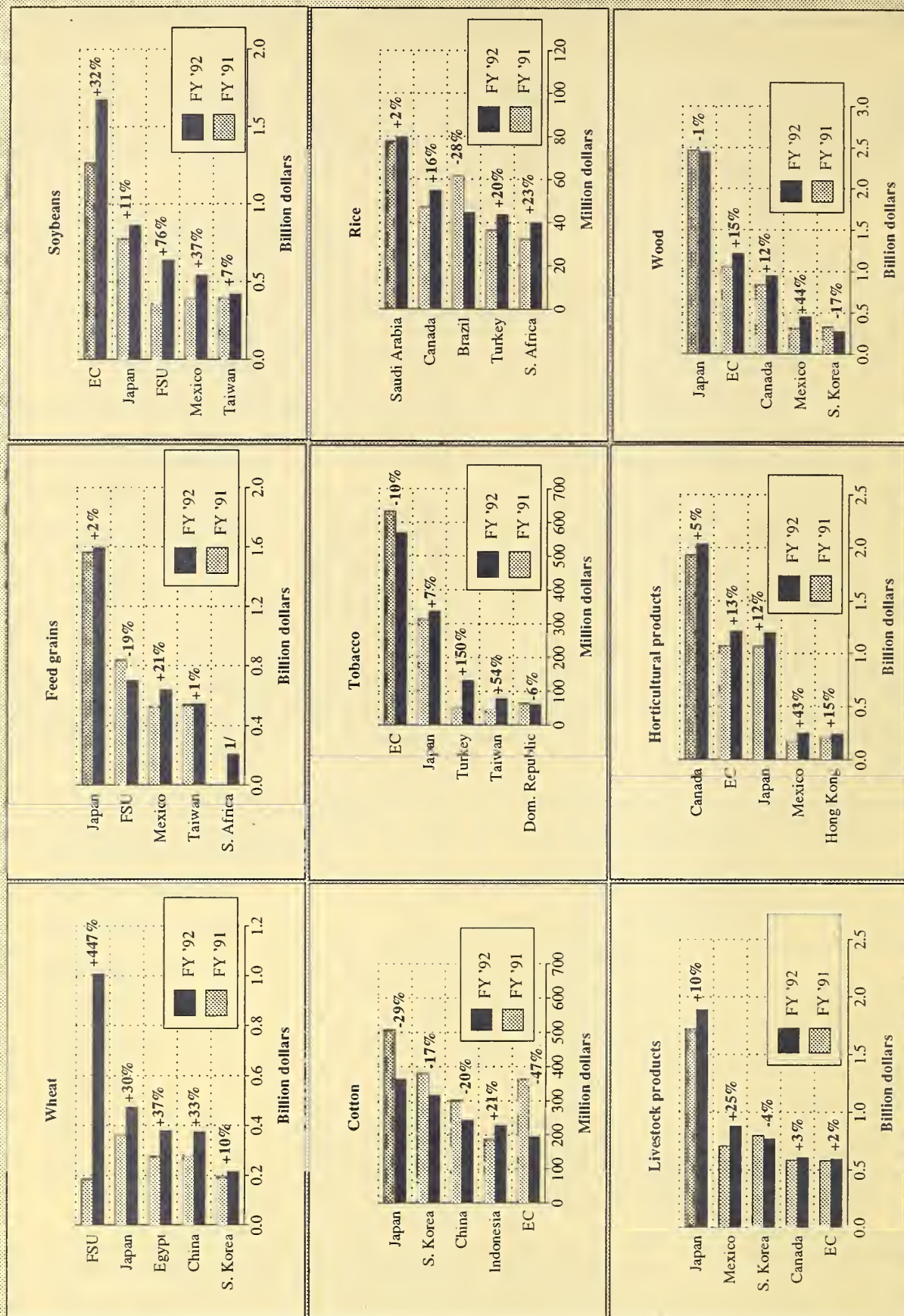
year is due to increased supplies from China, the U.S. and Kazakhstan. Kazakhstan cotton which had supplied the former Soviet Union, is now being diverted to the international market, much of it under bartered terms. Year-to-date cotton exports are now running about 17 percent below year earlier levels at just over \$2.1 billion.

Livestock and product exports continued to post strong growth for August, reaching \$483 million, 7 percent ahead of last year. Growth was most prominent in sales of beef and pork, tallow, and animal hides. A major decline occurred in sales of horses for breeding. The Japanese market again led all others in sales growth, gaining \$48 million in August to \$184 million. Most of this gain to Japan was in sales of chilled beef and veal, which is benefiting from the reduction in Japanese import duties. Year-to-date exports of livestock and products are now more than \$5.4 billion, up 7 percent or \$345 million from the same period last year.

Exports of *wood products* jumped 8 percent in August to \$604 million. Sales advanced across a broad front, led by Japan, up \$40 million, and the EC, and Mexico, which gained \$7 million each. The only notable decline occurred in sales to Korea which was \$15 million lower than last August, at \$19 million. Year-to-date exports now total \$6.2 billion, 4 percent higher than at this time last year.

For more information, contact Tom St. Clair at (202) 720-1294

Top Five Markets for Major U.S. Commodities October-August Comparisons



Note: Percentages are computed as the change from fiscal 1991 to fiscal 1992 cumulative totals.
1/ Negligible exports reported during comparable period last year.

Country Spotlight: Germany



In 1990, the Berlin Wall was torn down by crowds cheering in the streets. A monument to the Cold War, its demise symbolized an end to nearly half a century of a divided Germany. A unified Germany with a population of 80 million seemed to guarantee Germany's role as the economic powerhouse of Europe. In fact, two years after unification, it is now clear that the significant economic gap which developed during the Cold War years will not be bridged as quickly as planned and has meanwhile strained the resources of the country. The immediate impact of unification on U.S. exports was twofold. It eliminated the eastern German market for corn used as animal feed, and expanded sales of consumer-oriented foods as the pent up eastern German demand for western-style products unleashed a buying spree which was especially noticeable

during the first half of 1991. U.S. agricultural shipments to Germany totaled \$1.07 billion in 1991, making it the eighth largest U.S. export market. However, U.S. exports in the first 8 months of 1992 as compared to the same period in 1991 were down slightly (4 percent) as inventories of certain products built up due to lower than expected sales in eastern Germany.

Historically, bulk commodities, primarily cotton, soybeans and raw tobacco, accounted for about half of U.S. shipments to former West Germany. In 1991, shipments of these products to unified Germany reached \$532 million. Since the early 1980's, however, shipments of consumer-oriented products have grown steadily, and now account for roughly one-third of total U.S. farm exports to Germany, up from 20 percent in 1987. With a growing German appetite for new foods projected to sharpen, U.S. exporters expect consumer product shipments to become even more important through the 1990's.

Record Sales Recorded in 1991

The German consumer foods market is large with total imports second only to Japan. In 1990, West German imports

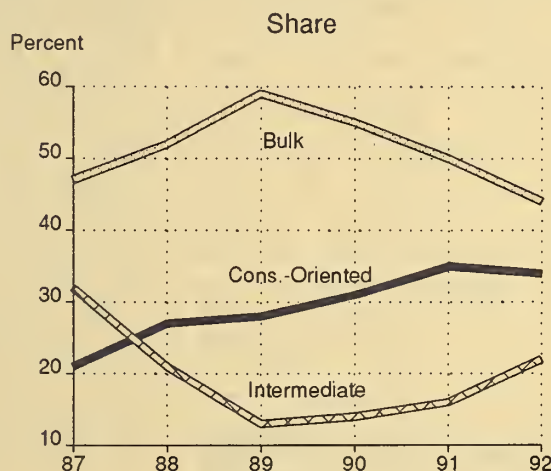
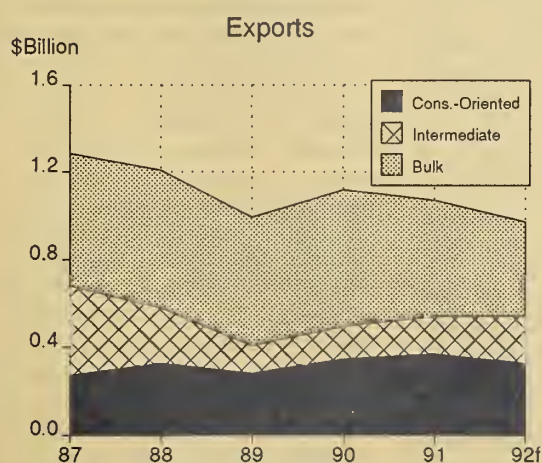
of these foods was nearly \$25 billion, while East German imports added another \$600 million. While the U.S. share of the market is small, U.S. shipments are on the rise, with sales reaching a record \$371 million last year. Product categories posting record exports to Germany in 1991 include snack foods, fresh vegetables, processed fruits and vegetables, wine and beer, pet foods, and nursery products and cut flowers.

A review of the top twenty U.S. food products imported by Germany, shows that U.S. suppliers have captured a large share of the total German import market for several specific products. The major U.S. consumer-oriented products and their share of total German imports in descending value are: almonds (81 percent), greens and foliage (23 percent), walnuts (56 percent), dried prunes (86 percent), raisins (23 percent), fresh grapefruit (22 percent), and canned corn (27 percent).

Changing Consumer Profiles Create New Sales Opportunities

Recent changes in consumer demographics and food preferences are creating new opportunities for U.S. exporters. Western German consumers

Consumer Foods Account for Growing Share of U.S. Agricultural Exports to Germany



Note: Data prior to 1991 data includes West Germany only, and covers unified Germany for 1991 and 1992

Germany is Also a Major Market for U.S. Wood Products

While not included in U.S. agricultural trade statistics, U.S. wood product exports to Germany are large and growing. The value of trade has doubled since 1986, reaching \$260 million in calendar 1991, making Germany the fifth largest market for U.S. products in the world and the largest market within the EC. The major exports were hardwood veneer (\$78 million), hardwood lumber (\$53 million), softwood lumber (\$44 million), hardwood logs (\$33 million), and softwood plywood (\$30 million). According to Eurostat data, German wood product imports from all countries were \$4.5 billion in 1991, \$2.1 billion of which came from third countries.

Western German industry growth rates have slowed due to a relatively high domestic interest rate of 10 percent for home mortgages, and the economic slowdown in other EC countries. The furniture industry, however, reported a turnover increase of 14 percent in 1991, supported mainly by eastern German demand. In the eastern states, transportation and commercial construction activities are booming while the renovation of the housing stock remains largely delayed due to unresolved property disputes. The American Plywood Association and the American Hardwood Export Council are active in the German market to expand U.S. sales.

are clearly among Europe's most affluent consumers. They are also quality conscious and place a heavy emphasis on brand name products. Recent research suggests that given a choice between premium branded and cheaper, generic products, over half of western German consumers choose the branded product. This has made western German consumers a prime target for food exporters of high-quality, premium-priced foods.

In western Germany, changing demographics and new lifestyles have created a growing demand for convenience foods. The average size of western German households is shrinking and is expected to drop to 2.2 persons by 2000. Sixty percent of Germans live in households composed of one or two persons. The smaller household size has created a market for single serving portions. Traditionally throughout Germany, the main meal of the day was consumed at noon with the entire family. This tradition is quickly vanishing. In both the eastern and western states, with more individuals commuting to work and more women in the workforce, a growing demand for fast foods has been created -- a trend that creates opportunities for American fast food chains. McDonald's, for example, opened its first restaurant in 1971 in

Munich, and has expanded to over 400 restaurants. Sales are now estimated at nearly \$1 billion a year, and McDonald's now plans to open 100 more restaurants in the eastern states.

....changing demographics and new lifestyles have created a growing demand for convenience foods....

Government regulations which affect the retail trade have also sharpened consumer demand for convenience foods. Stores are not permitted to remain open on most evenings during the work week, Saturday afternoons, and on Sundays. Opportunities for one-stop shopping also remain very limited. As a result, frozen foods is one of the fastest growing segments in the food retail trade. According to the German Frozen Food Institute, western German per capita frozen food consumption rose 11 percent to 16.6 kg from 1990 to 1991. This trend was accelerated further by the spread of microwave ovens to about 40 percent of western households in 1991. The most rapidly growing segments of the frozen food market in 1987 were prepared meals, french fries, prepared vegetable dishes, and pizza. In the eastern states, while adequate freezer

capacity and shelf space for convenience foods at retail-level food shops remains limited, eastern Germans will undoubtedly pick up on this trend as products become available.

Two new food preferences are now well established among western German consumers: a growing demand for "healthy" foods and a growing interest in foreign foods and food ingredients, many of which are considered "exotic". Western Germans have become increasingly health conscious as demonstrated by their food buying patterns and the more time they devote to keeping physically fit through exercise. More shelf space is increasingly devoted to low-fat, dietary and health foods. Annual per capita fresh fruit consumption rose from 107 kg in 1985 to 126 kg in 1989. Many foreign foods and ingredients, not traditionally found on the German market, are now achieving a tremendous growth in sales. U.S. suppliers of fresh papayas, tropical fruit drinks, Mexican-style seasonings and condiments, ginger root, and other new-to-market products have noted increased interest among the German trade in their products at recent food fairs in Germany.

Eastern German Sales Expected Sluggish in Near-Term

While eastern Germans are less affluent, the extension of the German social welfare system has kept eastern incomes higher than they would have been otherwise. Nevertheless, lower purchasing power and a greater need to purchase higher quality durable goods will somewhat limit eastern German purchases of higher-priced foods in the near future. For the first time, most eastern Germans are now discovering quality, convenience, and "healthy" foods, and are therefore considerably behind trends already clearly established by their western "neighbors". Nevertheless, eastern Germans are likely to follow suit at a rapid pace as they seek to emulate the western purchasing habits. Some delays are inevitable as they strive to become familiar with the diverse western goods market. For example, while eastern Germans are also eager to try "exotic"

foods, their initial decision may only extend to the purchase of fresh grapefruit or a packaged dried fruit rather than to the purchase of Florida "Ruby Red" grapefruit or "California" sun-dried raisins.

New "West Coast Lite" Image for American Cuisine

In past years, the omnipresent popularity of the American hamburger has largely stigmatized American cuisine in the eyes of German consumers. This is no longer the case among the segment of the population that is setting new trends in eating habits. German taste preferences have begun to shift from the traditional heavy German fare to lighter and healthier cuisine. While Germans have traditionally looked to French and Italian cuisine for new food trends, new American foods are increasingly capturing the German imagination.

The influence of American shows on German television and increased German tourism to the West Coast have generated a growing belief that American foods can be light, fresh, and healthy. The image that growing numbers of Germans have of the United States is the image of the physically fit outdoor West Coast lifestyle which is both healthy and "fun"--a lifestyle that many Germans find attractive. Germans are finding that American cuisine can be creative, full of new ideas and new flavors. New dishes that U.S. industry associations are promoting through recipe advertising and in-store and restaurant promotions combine influences from around the world with ingredients that are

....Germans are finding that American cuisine can be creative, full of new ideas and new flavors....

fresh and exciting. This positive view of American cuisine, aided by favorable exchange rates, has led to a rapid increase in the sale of premium quality American foods and beverages in trend setting gourmet shops and department stores.

Final Stage of German Packaging and Waste-Avoidance Law Set for 1993

Effective January 1, 1993, consumers will be able to return all packaging materials to the retail outlets, and the producers and/or distributors must ensure the recycling or proper disposal of such materials. The German agency Duales System Deutschland is in charge of this program. The agency awards the so-called "Green Point" to all packaging materials which can be recycled or otherwise legally disposed of. It is now nearly impossible to market consumer-ready food products in Germany that do not carry this mark on the packaging. U.S. suppliers concerned about conforming to this requirement are advised to discuss the matter with prospective German importers.

American wines, particularly California wines, have become increasingly popular. U.S. wine and beer shipments totalled a record setting \$4.6 million in 1991, and are expected to reach a new record this year. Kaefer, a leading German wine importer, is now looking seriously at California wines. In response to a question on California wines, a Kaefer's salesman recently stated, "the white wines are no longer as heavy as they once were, and the red wines are elegant and impressively long lived." When asked about the suitability of a particular Chardonnay, he commented, "It's a beautiful, light wine for the summer."

But California wines are not the only game in town. The demand for other American foods are also on the rise. Sales of snack foods including flavored and "lite" microwave popcorn rose to a record \$4 million in 1991. Fresh vegetable exports surged 30 percent to a record \$6 million in 1991. Among them, fresh green asparagus captured considerable attention from potential buyers at the 1991 Food Fair in Cologne as a healthier, more flavorful alternative to the traditional white asparagus. Breakfast cereal sales rose over 300 percent in 1991, and trade data for the first eight months of 1992 indicate that sales could again rise an additional 700 percent this year -- an indicator that some of the new U.S. mixed grain, fruit and nut cereals which are marketed as "the healthier alternative" are now hitting the market.

Despite the financial burdens and increased rate of unemployment associ-

ated with transforming the economy of the new eastern German states, Germany's strict food law requirements, and the formidable trade barriers established by the EC's Common Agricultural Policy, Germany remains a bright prospect for U.S. high-value, consumer-oriented foods as Germans develop a taste and a thirst for the best of American cuisine.

For more information contact Ernie Carter or Robert Tse at (202) 720-1294.

Interested in exporting to Germany? Contact Gregg Young, Agricultural Trade Officer, at Tel.: (011-49-40) 341-207 FAX: (011-49-40) 341-200.

Product Spotlight: Cheese

Agricultural Trade Highlights' product spotlight continues this month with a look at exports of cheese. Since 1989, global demand for U.S. cheese has grown sharply and is expected to approach record levels in 1992. With overseas interest in new cheese products projected to continue, U.S. cheese exports are also forecast to rise, with sales of nearly \$75 million expected by the late 1990's.

Contrary to widely held perceptions, the United States exports significant quantities of cheese. Though a net importer, the United States is expected to export a near record \$45 million in cheese this year. Although not a primary supplier in the \$2.8 billion global cheese market, U.S. exporters report strong sales in Japan and nearby North American markets, where cheese tastes resemble those in the U.S., and in niche products such as shredded and powdered cheeses. As the growing global appetite for cheese continues, FAS economists forecast overseas sales of U.S. cheeses will also grow, possibly reaching \$75 million by 1998.

U.S. cheese sales to North America, the top regional market, are expected to total \$25 million in 1992, accounting for half of total cheese exports. The two countries that compose this regional market are Canada and Mex-

ico, the two largest U.S. single-country export markets in 1991.

In 1990 and 1991, Canada was the largest export market with last year's sales totalling a record \$9.2 million. Processed and mixed cheeses account for most of this trade. Geographic proximity (80 percent of Canadians live within 100 miles of the U.S. border) and a taste for U.S. processed cheeses have given American companies a small but solid niche in the \$100 million Canadian import market.

However, the outlook for this market is cloudy due to continued strong competition expected from Canadian and European suppliers. U.S. shipments have been flat the past couple of years and may decline in 1992. This and the fact that U.S. products account for 8 percent of Canadian imports (versus 62 percent for EC suppliers) suggest that it will be difficult to turn this market around any time soon.

Fortunately, the outlook for Mexico, the other North American market, is much brighter.

Sales to Mexico on the Rise

Although Canada traditionally has been the top single country market for U.S. cheese, shipments to Mexico are growing fast and are expected to surpass Canadian sales in 1992. In fact, FAS economists consider the Mexican market as one of the top three best market prospects for the next three to six years.

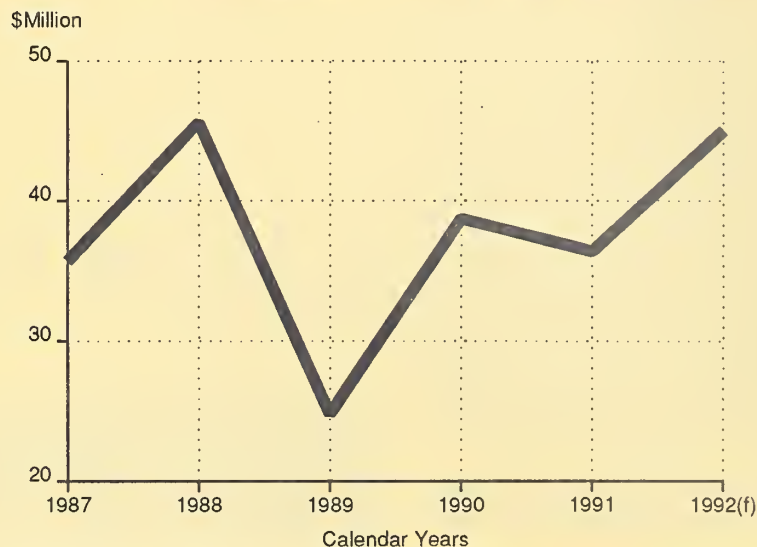
Mexican cheese imports from the U.S. reached a record \$9 million in 1991, up threefold from 1989. This represented 24 percent of total Mexican cheese imports, second only to the EC's 32 percent share. Uruguay is the other major cheese supplier to Mexico with a 21-percent share in 1991. Total Mexican cheese imports have grown by at least 10 percent in each of the last three years, reaching \$39 million in 1991.

The largest and fastest growing U.S. cheese product exports to Mexico are natural shredded and grated cheeses. Since 1989, sales of these cheeses have ballooned from \$31 thousand to nearly \$4 million last year.

U.S. exporters report that sales to Mexico have been boosted by rapidly growing incomes which are financing a growing desire for imported consumer-ready foods. These exporters are helping translate this demand into higher purchases of U.S. cheese, with educational efforts and in-store promotions set up in the growing number of modern supermarkets in Mexico. Further sales gains are expected from continued promotions aimed at informing Mexican consumers about the different types of U.S. cheeses.

U.S. sales to Mexico also benefit from cheese tastes that are similar to those in the United States. The National Dairy Board reports that Mexicans tend to prefer fresh, white cheeses similar in taste to U.S. varieties such as muenster, mozzarella, and cream cheese. Mexicans can also be adventurous in their cheese purchases, with a high receptiveness for new flavors,

Near Record U.S Cheese Exports Expected in 1992



....Cheese

and a growing preference for cheeses with strong flavor and color.

Further expansion in the Mexican cheese market is expected with the ratification of the North American Free Trade Agreement (NAFTA). Currently, two types of trade barriers exist for U.S. cheese. The Mexican government requires import licenses and/or imposes 20 percent tariffs on U.S. cheeses. Fresh cheeses tend to be targeted most by import licenses.

Under the NAFTA, Mexico will convert its import licensing requirements for cheese imports from the United States to tariff-only treatment. U.S. cheese exports to Mexico currently subject to import licensing will be assessed a 20 percent tariff, to be reduced to zero in equal installments over a 10 year transition period. The exception is U.S. exports of fresh cheese, which will be assessed a 40 percent tariff, to be phased out over 10 years.

Japan: Record Sales Forecast in 1992

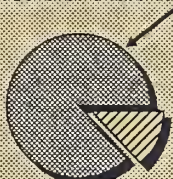
Another promising export market for U.S. cheese is Japan. Most Japanese purchases of U.S. cheese are natural shredded and powdered products, accounting for two-thirds of the total in 1991. 1991 sales were up 20 percent from 1989 and sales so far in 1992 (January - July) are up 45 percent from the same 7-month period last year. The growth in shredded cheese imports is due primarily to an emerging home delivery pizza sector and the introduction of new recipes such as pizza toast and gratin (similar to macaroni and cheese).

Expansion of the Japanese imported cheese market has occurred despite the fact that cheese is not a traditional food in Japan. The growing demand for cheese is actually part of a westernization in the Japanese diet where consumption of traditional products, such as fish and rice, is down while purchases of western products, such as meat and dairy products, are up.

Despite this shift, important differences in Japanese cheese tastes remain. For instance, unlike western

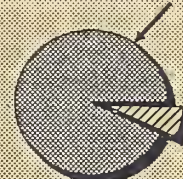
U.S. Dominates Japanese Shredded Cheese Imports

1988 U.S. Share 87%



\$6.12 Million

1991 U.S. Share 93%



\$5.68 Million

Source: Japan Tariff Association

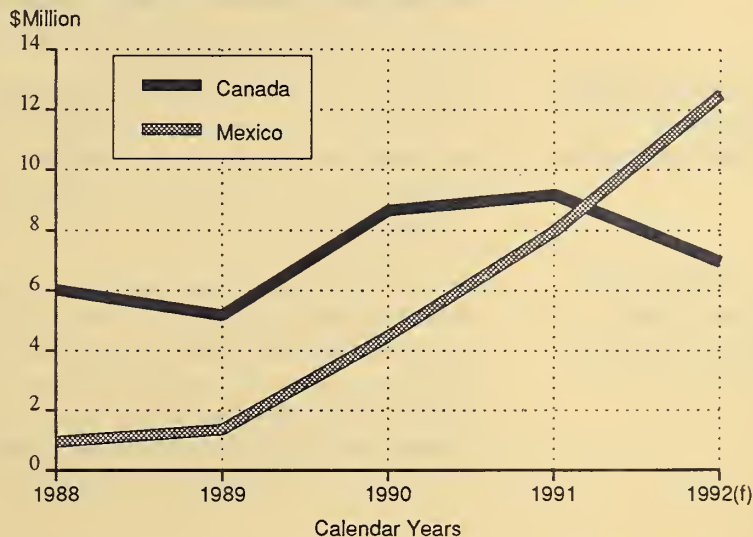
consumers, the Japanese are generally averse to the smell of many cheeses, preferring instead more mild cheeses, such as mozzarella and cream. The Japanese use cheese primarily as a topping for pizzas and burgers, though table use to complement increased wine consumption is growing.

U.S. cheeses have the advantage of being perceived as high quality products in Japan. This combined with a cost-efficient U.S. cheese processing and marketing sector, make U.S. cheese highly competitive in the Japanese market. To succeed, however, new entrants must build strong personal and long-term relationships with their Japanese customers.

As overseas consumers continue to seek and enjoy new uses for cheese, the demand for niche cheese products from the U.S. is expected to grow. Cheese exporters involved in strategic market-building activities, such as consumer and channel-oriented promotions, should enjoy particularly strong growth in demand for their products through the 1990's.

For more information, contact Corey Grass at (202) 720-1294.

U.S. Cheese Exports to North America: Mexican Sales Expected to Exceed Canadian Sales in 1992



Trade Policy Updates

Portugal's Classification of Corn Gluten Shipment

Portuguese Customs has decided not to assess a variable levy on a 1991 shipment of corn gluten feed (CGF). The Customs authority changed its finding that the starch content of the shipment was too high after claiming a lack of proper equipment. Nevertheless, the major importer of CGF, UNIFAC, was told a "systematic review" will occur of all CGF imported last year.

EC Increases Duties on U.S. Dried Egg Yolks

As of September 15, the EC assessed an additional levy on imports of U.S. dried egg yolks. When added to the normal levy assessed to all third country imports, the additional levy of 100 ECU/100 KG (\$0.65/lb.) brings the total levy on U.S. imports to 257.67 ECU/100 KG (\$1.69/lb.). A similar action effectively prohibited the entry of U.S. dried egg yolks during the months of March and April. The value of U.S. exports of dried egg yolks to the EC totaled \$1.7 million in 1991.

Poland Agrees to Reduce Tariffs On Several U.S. Commodities

At the U.S.-Polish tariff suspension negotiations, the Polish Government offered to reduce tariffs on nine farm commodity groups--durum wheat, cotton, raisins, peanuts, rice, almonds, soybean meal, selected citrus, and softwood lumber--while rejecting U.S. requests for concessions on two additional categories--breeding animals and wine. In most cases, the concessions reduced the margin of preference granted to the EC under the recently signed Poland-EC Association Agreement by 50 percent.

China 301 Market Access Agreement Reached in Final Minutes

The Section 301 investigation into China's market access barriers concluded on October 9 with a signed agreement. The agreement averts what would have been a costly trade war in which the United States was threatening to impose 100 percent tariffs on \$3.9 billion of Chinese imports.

The investigation focused on four major areas: transparency of trade rules, tariffs, import licenses, quotas and bans, and technical barriers to trade. Under transparency, China agreed to advance publication of proposed changes to their sanitary and phytosanitary regulations with a comment period prior to implementation. China also agreed to a significant tariff cuts on a variety of products, including fruit, by Dec. 31, 1993. In other areas of the agreement, China will remove licensing, quotas and other import restrictions on 85 percent of product categories including grain, fruit, wood products and tobacco. In the technical barriers section, China agreed to eliminate its scientifically-unjustified standards applied to fresh fruit, tobacco, wheat and animal breeding stock within 12 months. China also agreed to exempt imported wood products from conservation policies limiting wood usage.

Irish Customs Detains Fifth Shipment of Malted Barley Sprouts

On Sept. 28, 1992, Irish Customs reclassified a 2,103-ton shipment, landed in June, to the variable levy category of 2302.4010. As of October 1, the Irish have assessed over \$1.4 million in variable levies and bonds against 15,485 tons of U.S. malted barley sprouts. The EC Nomenclature Committee is expected to discuss this issue by the end of October.

Japan's Food Agency Harasses Co-Op Opposing Controlled Rice Market

An Akita rice co-op which opposes controls on the domestic rice market will only be allowed to display cooked rice rather than the raw product at a mail-order fair opening in Tokyo, announced Japan's Food Agency. The Ogatamura Akita-Komachi Producer's Association, which produces some of Japan's most expensive high-quality rice and therefore would have the most to gain by a relaxation of government controls, will also be barred from displaying, selling, or contracting for mail-order sales. Mail-order sales are one way co-ops can market outside the Food Agency's rules.

...Trade Policy Updates

GATT Working Party Established to Consider Accession of Taiwan

Over 2 1/2 years since Taiwan initially submitted its application to accede to the GATT as the "Separate Customs Territory of Taiwan, Kinmen, Penghu and Matsu", a Working Party on "Chinese Taipei" was finally established at the September 29 GATT Council meeting in Geneva. Much of the delay in getting to this first step in Taiwan's GATT accession was due to unresolved political questions involving the People's Republic of China and the formation of a favorable consensus among GATT contracting parties. GATT accession negotiations with Taiwan offers the United States a unique opportunity to achieve significant market access concessions as well as to encourage long-term development of liberal, transparent, GATT-consistent trade policy practices in Taiwan's future trade regime.

Market Updates

Canada Refuses Entry of Bulk Shipment of U.S. Apples

Canada prohibited the entry of bulk shipments of apples from New York for storage in Ontario, Canada. Its policy provides that bulk shipments are prohibited unless it has been determined by the Canadian apple industry that there is a shortage forecast and no supply of that variety or an "equivalent" variety is available within Canada. Due to a large apple harvest this year, controlled atmosphere storage facilities in the New York State area are already full. An organization representing an apple-grower coop in New York contracted with a Canadian fruit growers' association to store 1,524 tons of apples valued at \$600,000. These apples would be shipped back to the United States in the spring. USTR and FAS were to raise this issue during discussions scheduled to take place with Canada on October 1. An agreement is being sought which would allow entry of the apples for storage in a bonded warehouse for eventual re-export. Under this scenario, the issue of bulk imports for consumption would still remain unsolved.

Greek Aflatoxin Testing Found To Be Inadequate

The Agricultural Counselor in Athens confirmed on October 8 that Greek health authorities are using outdated and inaccurate field test kits to determine compliance of imported foods with the current aflatoxin standard of 5 PPB. As a result, shipments of U.S. walnuts and prunes are being held up on suspicion of unacceptable aflatoxin levels and future deliveries are in danger of rejection. U.S. exports of walnuts and prunes to Greece were valued at nearly \$2 million in CY 1991. While Greek officials have plans to install newer, more accurate testing equipment in December, they appear unwilling in the meantime to make any allowance, such as accepting U.S. aflatoxin certification. The Greek Government apparently plans to respond somewhat positively to the USG's earlier suggestion of a higher aflatoxin tolerance, with an eventual increase to 10 PPB. The current U.S. standard is 20 PPB.

Chile Lifts Phytosanitary Requirements Blocking Imports of U.S. Wheat

On September 1, the Agriculture and Livestock Service (SAG) of Chile's Ministry of Agriculture issued a formal letter stating that the three weed seeds formerly prohibited in grain shipments had been removed from the prohibited list. As a result, there are no longer any phytosanitary regulations blocking U.S. wheat exports to Chile. At the June 1992 U.S./Chile bilateral meetings to review the weed seed requirement, APHIS challenged the biological basis of the requirements, noting that the three weed seeds in question had been documented as occurring in Chile. SAG confirmed that the three seeds do exist in Chile, and subsequently lifted the ban. Chile's wheat import needs for MY 92/93 are estimated by the Attache at 550,000 tons. However, according to the Agricultural Attache, the near-term outlook for U.S. wheat exports does not seem positive in view of current price uncompetitiveness of U.S. wheat vis-a-vis wheat from Canada and Argentina. The Attache also reported on EC overtures in the Chilean market.

Romanian Elections and Possible USDA Programming

Because no candidate received a majority in the recent presidential and parliamentary elections in Romania, a run-off will be held between the incumbent, Ion Iliescu, and the main opposition leader, Emil Constantinescu on October 11. If the elections are deemed to have been generally free and fair, and based on the identification of certain market opportunities for U.S. producers by a recent FAS visit, Romania could be considered for an Emerging Democracy program in the current fiscal year.

Australia Negotiates Lower 1993 Wheat Export Agreement With Egypt

Egypt and the Australian Wheat Board have tentatively worked out a new agreement whereby Egypt would import 5 million tons of wheat over the next 5 years. This is less than the previous agreement. The Australian Wheat Board asked Egypt to purchase 2 million tons in 1993, however, the Government of Egypt rejected this and instead will purchase a maximum of 1.5 million tons in 1993, the minimum amount allowed under the protocol. Australia is the second largest supplier of wheat to Egypt after the United States.

...Market Updates

China Continues Corn Export Sales, Although the Pace Appears To Be Slowing

Competition with lower-priced feed wheat exports appears to have begun to affect the corn export sales of China to key Asian markets, particularly South Korea and Japan. However, with the Thai corn export availabilities down again for 1992/93, there may be additional opportunities for China to sell corn in traditional Thai markets, such as Malaysia.

USDA Announces \$3.6 Billion in Export Guarantees to 18 Countries in FY 93

On October 1, Secretary Madigan announced \$3.6 billion will be made available in GSM-102 and GSM-103 credit guarantees to facilitate sales of U.S. agricultural commodities to an initial list of 18 countries in fiscal 1993. The countries included are Chile, Colombia, The Czech-Slovak Federal Republic, Egypt, Guatemala, Hungary, Jordan, Korea, Mexico, Morocco, Pakistan, Panama, Romania, Russia, Sri Lanka, Trinidad and Tobago, Turkey and Venezuela. Major U.S. agricultural commodities include more than \$328 million for feed grains, \$741 million for wheat, \$261 million for oilseeds, \$81 million for protein meals, \$333 million for cotton, \$50 million for corn for human consumption, \$50 million for wood products, \$35 million for meats, \$42 million for vegetable oils and \$20 million for wheat flour.

French Oilseed Area Forecasts Lower for 1993/94

Winter rapeseed plantings in France for the 1993/94 marketing year are forecast down by about 20-25 percent from 1992/93, according to the U.S. Agricultural Counselor in France. The sunflowerseed area next year is expected to remain the same relative to 1992/93. The major reasons for a reduction in the area sown to winter rapeseed (and possibly sunflowerseed) are: the relatively low yields obtained for these crops in 1992/93; the 15-percent land set-aside required by the EC's Common Agricultural Policy (CAP) reform; and the reduction in support for oilseeds under the new CAP. According to French farmers, the production of oilseeds has become much more risky than that of grains and feed peas under the new CAP.

Ghana Privatizes Wheat Imports

The Government of Ghana announced that the country's four flour mills may now import wheat directly. Previously, imports had been controlled by the Ghana National Procurement Agency, which limited imports to around 150,000 tons annually and charged above world market prices to millers. The new privatization policy is expected to enable millers to import wheat more cheaply and in a more timely fashion. One miller has already contracted to purchase wheat. As a result of the policy change, Ghana's annual wheat imports are expected to double to 300,000 tons this marketing year.

Currency Woes In U.K. Impact Fish Mongers

The United Kingdom's recent currency devaluation has dampened expectations this quarter for British importers of U.S. canned salmon. The recent withdrawal of the pound from the European exchange rate mechanism led to a near 15-percent devaluation against the dollar coming at a time when major distributors and retail chains would normally be importing to cover needs through December. Some traders say that canned sockeye salmon retail prices will have to rise 42 percent to \$2.92 per can to account for the currency change and reduced volume available from U.S. Pacific Northwest suppliers. This will almost certainly soften demand at one of the peak consumption periods in the market. The U.K. is the United States' leading market for canned salmon accounting for 63 percent of U.S. exports (15,700 tons) worth \$76 million in 1991.

Government of Pakistan Removes Internal Subsidy on U.S. EEP Purchases

Private wheat importers in Pakistan have withdrawn their bids under EEP after receiving government notification that the prevailing internal subsidy paid to private importers will not cover imports under the EEP. The singling out of U.S.-origin wheat occurs at a time when imports from the EC, Turkey and Saudi Arabia still receive the subsidy.

...Market Updates

New York Cotton Exchange Introduces Cotlook World Futures Contract

On October 1, the New York Cotton Exchange introduced its new Cotlook World Futures contract that is based on Cotlook, Ltd.'s A-Index of northern European quotes. The contract is designed primarily to provide hedging opportunities for non-U.S. cotton and to more accurately reflect the value of internationally traded cotton. It also may allow U.S. merchants to reduce risk by anticipating movements in the Adjusted World Price, which is based on the Cotlook quotes. The new contract is cash-settled using a 5-day moving average of the Cotlook A-Index. Trading on the contract starts with the release of the A-Index quote to the trading floor at 9:30 Eastern Daylight Time, and closes at 2:40. Trading months are March, May, August, October, and December. As in other New York Cotton contracts, the World Contract is based on a quantity of 50,000 pounds and a daily trading range of 200 points.

Swiss Cigarette Cartel to Be Abolished

In response to increasing domestic pressure and accelerating European integration, the Association of Swiss Cigarette Producers (ASFC) agreed to terminate the cartel which now exists between manufacturers and the trade by the end of the year. This abolishment of the cartel will translate into increased competition and lower retail prices. Prices will be set freely beginning in 1993. (The cartel convention mandates that 6 months notice be provided). The decision to give notice to cancel the cartel convention was made August 26, 1992. The decision affects only the cigarette cartel. However, it is reasonable to expect that the tobacco leaf cartel, within the same organization, will follow. Consequently, this could mean increased U.S. leaf exports to Switzerland..

Korea Tightens Up Slaughter Date Information

As of October 10, the Government of Korea will fully enforce its requirement that the date of slaughter be included with all meat, offal, skin and poultry product shipments. The change coincides with the arrival of a new director of the Animal Health Division of the Korean Ministry of Agriculture, Forestry, and Fisheries. U.S. exporters consider the requirement unreasonable especially in comparison to the requirements of other importing countries and it is one of the issues being discussed in the bilateral negotiations to expand Korea's beef imports in 1993 and beyond. Heretofore several methods of indicating slaughter dates have been acceptable but all shipments beginning October 10 must have the exact month, day and year indicated.

Privatization of Egyptian Wheat Flour Market Increases Competition

On Oct. 11, 1992, the Egyptian Minister of Supply issued a final decree unconditionally liberalizing the import of wheat flour, which will likely increase competition in the commercial market. With the privatization of the wheat flour market, it is understood that the Egyptian Government will insist that wheat flour no longer be included in future PL-480 agreements. This action is likely to heighten the already intense, traditional U.S.-EC competition in Egypt the world's largest single flour importer, generally taking about 1 to 1.3 million tons annually. Egypt currently is allocated 250,000 tons of wheat flour under EEP.

Crop Quality Problems Plague Canadian Wheat Farmers

The Canadian Wheat Board has extended a deadline for delivery contracts from the original October 15 to November 13 to accommodate farmers late in harvesting their grain. In addition, the Board has increased the number of eligible grades under the delivery contracts to reflect the large quantity of lower quality wheat from this year's crop. These actions confirm the severity of the crop quality situation with respect to the Board's supply and marketing programs. Weather problems delayed the Canadian harvest and cut crop quality to the lowest level in recent history. Estimates that are less than 9 percent of the prairie wheat crop will grade # 1, compared to the 7-year average of 49 percent at # 1, and that 75 percent of the crop will fall in the # 3 and feed categories, compared to the 7-year average of 24 percent.

...Market Updates

Brazil is Likely to Impose Countervailing Duty On U.S. Wheat

Reports indicate that Brazil is likely to impose a countervailing duty on U.S. wheat imported under the EEP but not on subsidized wheat from other origins. The announcement of the CVD was expected about Oct. 10, 1992. However, because of the confusion within the newly formed Brazilian Government, details --including the amount of the CVD and when and how it may be implemented--remain unclear. Thus far, 110,000 tons of wheat have been sold to Brazil under EEP. In addition, reports indicate that the northern mills in Brazil are in dire need of wheat and are keenly interested in buying additional EEP wheat before the initiative expires on Dec. 15, 1992.

Dutch Ban Live Swine Exports

Due to the discovery of two additional incidences of vesicular swine disease (VSD) in Dutch slaughter hogs, on Sept. 22, 1992, the Dutch Ministry of Agriculture placed a total export ban on live swine. The ban, which will remain in effect at least through mid-October 1992, was necessitated by the discovery of the disease in hogs from two separate shipments going to Italy early in September. The recent discovery of VSD comes on the heels of a similar occurrence in August 1992, which was the first reported case in the Netherlands since 1975. According to press reports, the Dutch Product Board for Livestock and Meat has accepted the current export ban as an inevitable necessity. As a result of the current ban, Dutch hog stocks are growing (farms are burgeoning with hogs), and prices have dropped drastically. Normally, 50,000 to 80,000 hogs are exported weekly with two-thirds going to Italy and Germany.

Nigerian Wheat Import Ban is Lifted

The Government of Nigeria recently authorized the country's largest milling group to import 500,000 tons of wheat on behalf of itself and other mills. The authorization allows the first legal imports of wheat in Nigeria since an import ban was imposed 7 years ago. Nigeria is eligible for EEP under the West African wheat initiative, and has begun tendering for U.S. wheat. Prior to the imposition of the ban, Nigerian wheat imports (July-June) averaged 1.5 million tons between 1981/82 and 1985/86 with 85 percent coming from the United States.

Phytosanitary Revisions to Result in Reopening of Taiwan Onion Import Market

The Agricultural Section Chief in Taipei reported that Taiwanese authorities have revised quarantine requirements for imports of onions and other root crops. This revision is expected to result in the reopening of a \$2 million market, which had been disrupted for the past 6 months. Imports from the United States are now required to carry a phytosanitary certificate stating that they are free from stem nematode and potato rot nematode or have been treated appropriately prior to shipment.

U.S.-EC Wine Accord Negotiations Stalemated

U.S. and EC Commission negotiating teams met in Brussels September 29-30 to continue negotiations on a new bilateral wine agreement. Discussions focused on a draft text submitted by the Commission which raised new issues and backtracked from points agreed upon in the working draft from earlier negotiating sessions. EC intransigence on semigeneric terms and ion exchange in particular stalled the talks. Negotiations will resume November 10-11 in Washington.

EC Increased Export Restitutions For Dairy Products

On Oct. 15, 1992, the EC increased export restitutions for butter by 8 ECU to 176 ECU/100kg, butteroil by 10.68 ECU to 226 ECU/100kg, whole milk powder by 9 ECU to 121 ECU/100kg, and Emmentaler cheese (to the U.S.) by 17 ECU to 130 ECU/kg. The change will be effective on Oct. 24, 1992. The recent devaluation of the U.S. dollar and the higher EC domestic prices for dairy products resulting from lower production are among the reasons for the increase of export refunds.

...Market Updates

Spanish Farmers Complain About EC Oilseed Subsidy Levels

Spanish farmers are complaining that crushers' bid prices to buy their sunflower seed fall approximately 15 percent below world sunflower seed prices of roughly \$190 per ton. However, when the EC's new area-based income supplement payment for oilseed growers is added, along with an additional subsidy to compensate for world price fluctuations, estimated total compensation to Spanish sunflowerseed growers in 1992 is forecast to total approximately \$650 per ton, almost three and one-half times the prevailing world price. Thus, despite low world prices for sunflowerseed oil and meal and the expected liberalization of the Spanish oil market, the new EC oilseed regime has had a major effect on the Spanish sunflowerseed crop, contributing to an area increase of 400,000 hectares to 1.5 million hectares in 1992. Farmers of non-traditional and marginal lands newly sown in Spain to sunflowerseed this year are the main beneficiaries of the new EC oilseed regime in Spain.

Resolution of China 301 Investigation to Produce Fruit Market Openings

The United States agreed with China on October 10 to a resolution of its year-long Section 301 market access investigation. The agreement will avoid the need to retaliate against almost \$4 billion in Chinese imports and is expected to produce significantly improved access for U.S. fruit and other agricultural exports over the next 12 months. Under the agreement, China has committed to eliminate within the next 12 months scientifically unjustifiable phytosanitary restrictions on citrus fruits, stone fruit, apples, grapes, wheat and tobacco. Tariffs on edible fruits, nuts and vegetable oils are to be reduced significantly by the end of 1993. Import controls on fruits, wheat and other grains and edible oils are to be liberalized during the period 1993-1997. China also agreed to bring its trade regime into closer compliance with the GATT by making its trade regime more transparent, and eliminating the use of import substitution policies.

Mexico Closes Livestock Inspection Facility on U.S.-Mexican Border

Mexico's Secretary of Agriculture and Water Resources (SARH) has announced the suspension of animal health inspection procedures for cattle destined for the United States at Ciudad Acuna, Coahuila, effective Oct. 5, 1992. The decision to close the quarantine facility at Ciudad Acuna, one of six livestock inspection stations on the Texas-Mexican frontier, centers on a legal dispute between the local and state cattlemen's associations which are vying for management control. In FY1992, APHIS quarantine officials inspected 95,000 head of Mexican feeder cattle for export to the United States at Ciudad Acuna. It is uncertain when the conflict will be resolved and when the inspection facility will reopen. Currently, cattle that would traditionally pass through Ciudad Acuna are being diverted to Piedras Negras, 50 miles to the southeast.

EC Pushes to Regain Position in Egypt Wheat Market

The United States will face stronger competition from France the Egyptian market in 1992/93. Egypt recently signed a letter of intent with the French Government to purchase 600,000 tons of wheat by July 1993. The French are continuing to press Egypt to purchase 1 million tons. Egyptian imports are expected to be similar to last year. Last year there were no wheat sales by France to Egypt.

Recent Developments on EC Grain Credits for the Former Soviet Union

After many months of debating with the Russians on signing a sovereign immunity clause on the credit package, the EC apparently is ready to proceed with the loan without the clause. However, the EC has set 3 conditions before the package can be made operational; no outstanding debt on the previous ECU 500 million loan, an "adequate guarantee" must be made by the Russians (undefined at this point), and the commodities must be sent to areas of need (also undefined). Russia reportedly had been behind approximately ECU 10 million in interest payments in September. Credits totaling ECU 499 million to eight other newly independent states of the former Soviet Union (FSU) are operational, with an agreement with Kazakhstan expected to be signed soon. Uzbekistan and Azerbaijan are ineligible for EC credits because they have refused to assume shared responsibility for debts incurred jointly by the FSU.

U.S. Agricultural Exports by Major Commodity Group
Monthly and Annual Performance Indicators and Fiscal 1992 Forecasts

	August			October—August			Fiscal Year		
	1991	1992		1990/91	1991/92		1991	1992(f)	
	-- Bil.\$ --	Change		-- Bil.\$ --	Change		-- Bil.\$ --	Change	
Grains & feeds 1/	1.076	1.105	3%	11.458	12.926	13%	12.544	13.7	9%
Wheat & Flour	0.302	0.384	27%	2.762	4.130	50%	3.058	4.3	41%
Rice	0.052	0.046	-12%	0.689	0.685	-1%	0.752	0.7	-7%
Feed grains 2/	0.493	0.422	-15%	5.214	5.186	-1%	5.653	5.7	1%
Corn	0.424	0.369	-13%	4.492	4.192	-7%	4.872	4.7	-4%
Feeds & fodders	0.142	0.165	16%	1.737	1.901	9%	1.926	NA	NA
Oilseeds & products	0.392	0.486	24%	5.328	6.800	28%	5.691	7.2	27%
Soybeans	0.202	0.239	18%	3.300	4.011	22%	3.464	4.2	21%
Soybean meal	0.084	0.095	13%	0.894	1.235	38%	0.978	1.3	33%
Soybean oil	0.020	0.045	123%	0.161	0.326	103%	0.192	0.3	56%
Other vegetable oils	0.039	0.037	-5%	0.381	0.445	17%	0.412	NA	NA
Livestock products	0.452	0.483	7%	5.086	5.431	7%	5.545	5.9	6%
Red meats	0.197	0.243	24%	2.280	2.663	17%	2.481	NA	NA
Hides & Skins	0.102	0.114	11%	1.336	1.204	-10%	1.439	NA	NA
Poultry products	0.085	0.100	19%	0.921	1.090	18%	1.007	1.2	19%
Poultry meat	0.060	0.079	32%	0.665	0.810	22%	0.726	NA	NA
Dairy products	0.038	0.074	95%	0.326	0.655	101%	0.367	0.6	63%
Horticultural products	0.469	0.504	7%	5.532	6.277	13%	6.020	6.8	13%
Unmanufactured tobacco	0.084	0.059	-29%	1.471	1.494	2%	1.533	1.5	-2%
Cotton & linters	0.070	0.092	32%	2.558	2.115	-17%	2.619	2.3	-12%
Planting seeds	0.035	0.043	24%	0.562	0.606	8%	0.625	0.7	12%
Sugar & tropical products	0.132	0.135	2%	1.443	1.554	8%	1.582	1.7	7%
Forest Products 4/	0.562	0.604	8%	5.952	6.211	4%	6.419	NA	NA
Total Ag. export value	2.833	3.082	9%	34.686	38.950	12%	37.533	41.5	11%
	-- MMT --	Change		-- MMT --	Change		-- MMT --	Change	
Grains & feeds 1/	8.311	7.905	-5%	87.347	92.758	6%	NA	NA	NA
Wheat	2.624	2.687	2%	24.189	31.823	32%	26.691	33.5	26%
Wheat flour	0.083	0.055	-33%	0.997	0.764	-23%	1.074	0.9	-16%
Rice	0.148	0.132	-11%	2.240	2.055	-8%	2.418	2.2	-9%
Feed grains 2/	4.472	3.965	-11%	47.829	45.567	-5%	51.802	50.4	-3%
Corn	3.820	3.441	-10%	41.079	36.690	-11%	44.496	41.0	-8%
Feeds & fodders	0.846	0.927	10%	10.140	10.745	6%	11.397	11.5	1%
Oilseeds & products	1.506	1.822	21%	20.895	26.756	28%	NA	NA	NA
Soybeans	0.899	1.066	19%	14.409	17.884	24%	15.139	18.8	24%
Soybean meal	0.409	0.457	12%	4.419	5.814	32%	4.648	5.9	27%
Soybean oil	0.042	0.093	120%	0.291	0.683	135%	0.354	0.6	69%
Other vegetable oils	0.062	0.065	6%	0.578	0.705	22%	NA	NA	NA
Livestock products 3/	0.194	0.230	18%	2.108	2.490	18%	NA	NA	NA
Red meats	0.061	0.069	13%	0.679	0.791	17%	0.744	0.9	21%
Poultry products 3/	0.052	0.077	48%	0.591	0.742	26%	NA	NA	NA
Poultry meat	0.049	0.074	51%	0.565	0.712	26%	0.614	0.7	14%
Dairy products 3/	0.025	0.038	56%	0.198	0.354	79%	NA	NA	NA
Horticultural products 3/	0.361	0.405	12%	4.682	5.510	18%	5.048	5.9	17%
Unmanufactured tobacco	0.013	0.010	-21%	0.229	0.233	2%	0.239	0.2	-16%
Cotton & linters	0.043	0.069	61%	1.560	1.466	-6%	1.598	1.6	0%
Planting seeds	0.044	0.064	44%	0.411	0.629	53%	NA	NA	NA
Sugar & tropical products 3/	0.114	0.080	-29%	1.064	0.995	-6%	NA	NA	NA
Total Ag. export volume 3/	10.66	10.70	0%	119.08	131.93	11%	129.35	141.5	9%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

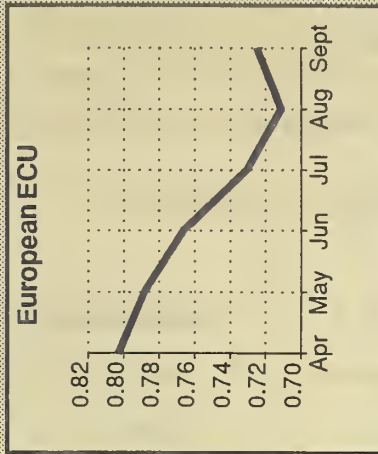
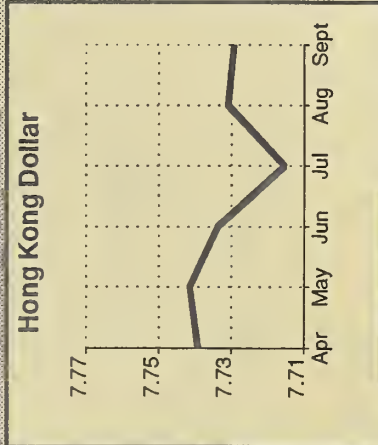
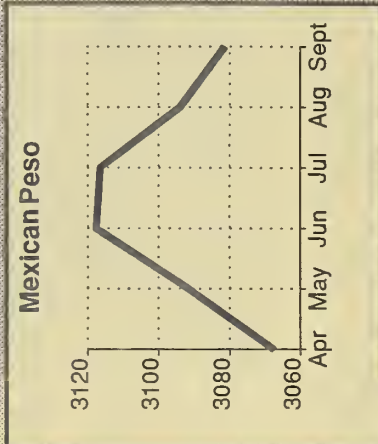
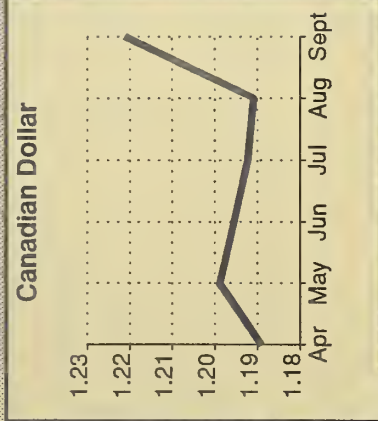
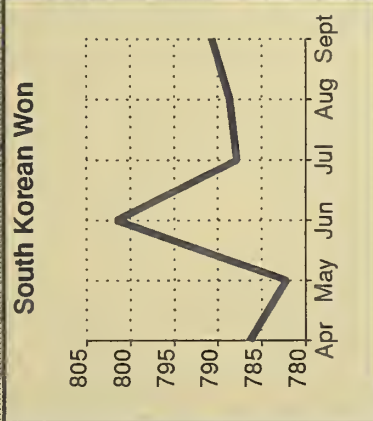
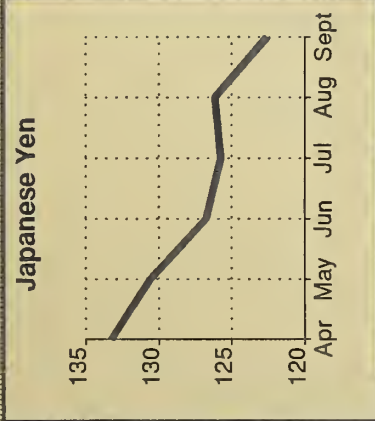
4/ Wood products are not included in agricultural product value totals.

Note--1992 forecasts are taken from "Outlook for U.S. Agricultural Exports," August 27, 1992.

U.S. Agricultural Export Value by Region
Monthly and Annual Performance Indicators and Fiscal 1992 Forecasts

	August			October–August			Fiscal Year		
	1991	1992		1990/91	1991/92		1991	1992(f)	
	--Bil.\$--		Change	--Bil.\$--		Change	--Bil.\$--		Change
Western Europe	0.429	0.438	2%	6.842	7.110	4%	7.310	7.6	4%
European Community	0.384	0.398	4%	6.351	6.624	4%	6.774	7.1	5%
Other Western Europe	0.045	0.040	-11%	0.490	0.486	-1%	0.536	0.5	-7%
Eastern Europe	0.024	0.017	-30%	0.285	0.182	-36%	0.303	0.2	-34%
Former Soviet Union	0.160	0.188	17%	1.521	2.575	69%	1.716	2.7	57%
Asia	1.113	1.176	6%	13.603	14.754	8%	14.647	15.7	7%
Japan	0.587	0.629	7%	7.205	7.715	7%	7.718	8.2	6%
China	0.043	0.019	-55%	0.612	0.670	9%	0.667	0.9	35%
Other East Asia	0.360	0.337	-6%	4.326	4.523	5%	4.644	4.9	6%
Taiwan	0.156	0.124	-21%	1.610	1.753	9%	1.736	1.9	9%
South Korea	0.152	0.154	1%	2.024	2.019	-0%	2.159	2.2	2%
Hong Kong	0.051	0.059	15%	0.688	0.750	9%	0.744	0.8	7%
Other Asia	0.123	0.190	55%	1.461	1.847	26%	1.618	1.8	11%
Pakistan	0.020	0.045	121%	0.120	0.209	73%	0.143	0.2	39%
Philippines	0.032	0.040	26%	0.328	0.400	22%	0.373	0.4	7%
Middle East	0.076	0.144	90%	1.226	1.581	29%	1.366	1.5	10%
Iraq	0.000	0.000	0%	0.000	0.000	0%	0.000	0.0	0%
Saudi Arabia	0.035	0.044	27%	0.416	0.455	9%	0.481	0.6	25%
Africa	0.156	0.221	42%	1.660	1.918	15%	1.819	2.2	21%
North Africa	0.108	0.098	-10%	1.219	1.200	-2%	1.325	1.4	6%
Egypt	0.068	0.056	-17%	0.653	0.642	-2%	0.692	0.7	1%
Algeria	0.027	0.018	-32%	0.380	0.368	-3%	0.422	0.5	18%
Sub Saharan Africa	0.048	0.123	159%	0.442	0.718	63%	0.493	0.8	62%
Latin America	0.475	0.468	-1%	5.080	5.856	15%	5.474	6.4	17%
Mexico	0.225	0.255	13%	2.675	3.377	26%	2.872	3.7	29%
Other Latin America	0.250	0.214	-14%	2.405	2.479	3%	2.601	2.7	4%
Brazil	0.044	0.006	-87%	0.253	0.136	-46%	0.271	0.2	-26%
Venezuela	0.023	0.042	83%	0.276	0.351	27%	0.307	0.4	30%
Canada	0.345	0.389	13%	4.026	4.396	9%	4.395	4.8	9%
Oceania	0.023	0.030	30%	0.310	0.385	24%	0.344	0.4	16%
World Total	2.833	3.082	9%	34.687	38.950	12%	37.534	41.5	11%

Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages



Currencies	Current Rate 10/13/92	Month Ago 9/13/92	Year Ago 10/91	%Change Year Ago 10/91
Argentine Peso 1\	.99	.99	.99	-0.04
Australian Dollar	1.3822	1.3928	1.2539	10.23
Brazilian Cruzeiro	6687.00	4397.00	550.50	1114.71
Canadian Dollar	1.2445	1.1940	1.1285	10.28
Hong Kong Dollar	7.7320	7.7335	7.7425	-0.14
Japanese Yen	121.17	126.56	129.65	-6.54
Mexican Peso	3114.00	3097.00	3058.51	1.81
Taiwan Dollar	25.25	24.89	26.10	-3.26
South Korean Won	783.60	787.20	732.94	6.91
European ECU	.74968	.71556	.82298	-8.91
-British Pound	.5824	.5169	.5807	0.29
-French Franc	4.9795	4.9475	5.7600	-13.55
-West German Mark	1.4660	1.4550	1.6900	-13.25

1\ The Argentine Austral was recently converted to the Peso at a rate of 10,000 to 1.
NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, October 13, 1992.
Source: TEID/TP/FAS Exchange Rate Database and Wall Street Journal.

UNITED STATES DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service
Room 4644-S
WASHINGTON, D.C. 20250-1000

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

FIRST-CLASS MAIL
POSTAGE & FEES PAID
USDA-FAS
WASHINGTON, D.C.
PERMIT No. G-262

If your address should be changed _____ PRINT
OR TYPE the new address, including ZIP CODE and
return the whole sheet and/or envelope to:

FOREIGN AGRICULTURAL SERVICE, Room 4644 So.
U.S. Department of Agriculture
Washington, D. C. 20250.

Important Notice to Readers --

Agricultural Trade Highlights is available on a subscription basis only. The subscription fee is \$17 in the United States or \$36 for foreign addresses. To subscribe, send your check, payable to the Foreign Agricultural Service, to: Information Division, FAS, USDA, Room 4644-South Building, Washington, D.C. 20250-1000. Only checks drawn on U.S. banks, or international money orders will be accepted. NO REFUNDS CAN BE MADE.

This publication is a product of the Trade and Economic Information Division, Foreign Agricultural Service, U.S. Department of Agriculture, Room 3059-South Building, Washington, D.C. 20250-1000. Questions on the subject matter of this report should be directed to Mike Woolsey at (202) 720-1294.

Agricultural Trade Highlights staff includes:

Production Assistants

Paula Lane
Anne Player

Editorial Assistant
Louella Laguna